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## Venezuela

**Post:** Caracas

### Government Adjusts Producer and Consumer Prices

**Report Categories:**

Grain and Feed

Dairy and Products

Food Security

**Approved By:**

Randall Hager

**Prepared By:**

Clara Nunez

**Report Highlights:**

The Venezuelan Government has adjusted upward producer prices for corn and rice, and will move downward consumer prices for milk, pasta, and bread. Although producer organizations have commented positively on the higher farm gate prices, input price inflation accumulated before the change takes place officially on August 15 will likely reduce any beneficial effect on the producer's bottom line.

**General Information:**

**Policy:**

## **Government Adjusts Farm-Gate Prices for Rice and Corn, and Reduces Retail Prices for Milk, Pasta and Bread**

A press note from the Ministry of Agriculture and Lands (MAT) announced that from August 15, 2009, producers prices for rice and corn will be increased, stating that the objective of this action is to get a fair price to producers. Specifically, the price of paddy rice of types A and B will be increased from Bs. F. 0.72 and 0.71 to Bs. F. 0.93 y 0.92 per kilogram, respectively.

Regarding corn, the Government will increase the values of white and yellow corn by different amounts. White corn will go from Bs.F. 0.728 to Bs.F. 0.82 per kilo (a 14 percent increase), while yellow corn will increase from Bs.F. 0.728 a Bs.F. 0.80 (a 9.9 percent adjustment). Additionally, the production subsidy that was granted for the 2007 and 2008 seasons will be eliminated. Regarding to the prices of derived finished products such as pre-cooked corn flour, the relevant ministries are analyzing the cost structure of the productive and commercial chains.

### **Milk and Pasta Retail Prices Reduced**

The Ministry of Agriculture and Lands also reported that the controlled retail prices of milk, pasta, and white sandwich bread will be reduced effective next May 1, 2009.

Canned powder milk will go from Bs.F. 17.30 per kilo to Bs.F. 15 (a 13.3 percent reduction). The price of a kilogram pasta made with a mixture of wheat (semolina and durum semolina) will be reduced 3.8 percent, going from Bs.F. 3.39 to Bs.F. 3.26.

The price of white sandwich bread will be reduced from Bs.F. 6.37 to Bs.F 5.60. The Ministry said that the reductions are based on the falling international prices of raw materials such as wheat and milk. A Resolution with the new prices of these products was published in the Official Gazette of April 20, 2009.